

Message Text

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61

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 RSR-01 SS-15 NSC-10

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FM AMEMBASSY OTTAWA

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E. O. 11652: N/ A

TAGS: ETRN, XN

SUBJECT: CIVAIR

REF: STATE 83027

GREEN AND PORTER, AIR TRANSPORT COMMITTEE, HAVE OFFERED
FOLLOWING COMMENTS ON QUESTIONS CONTAINED REFTEL:

A. ATC ACCEPTED STATUS QUO FARES FOR 1973 WITH
SATISFACTION RATHER THAN RELUCTANCE BECAUSE EITHER
OPEN RATES SITUATION OR MORASS OF BILATERAL DEALS
THEREBY AVOIDED. ATC CONSIDERS THAT MARKET PRESSURES
MAY MAKE IT POSSIBLE FOR IATA TO REACH AGREEMENT ON
FARES FOR 1974, ESPECIALLY IF IATA TACKLES THIS PROBLEM
SOON. GREEN ADDED THAT CHANCES WOULD BE EVEN BETTER IF
CAB HAD NOT VOTED AGAINST PROPOSAL FOR DECISIONS BY 80 PER-
CENT MAJORITY INSTEAD OF UNANIMITY.

B. ATC FAVORS SIMPLIFICATION OF FARE STRUCTURE, I. E.
FEWER TYPES OF FARES. IN SOME MARKETS ATC FAVORS
SMOOTHING DOWN PEAK FARES TO PERMIT ORDERLY DEVELOP-
MENT OF MARKET ON YEAR- ROUND BASIS.

C. ATC HAS POSITIVE ATTITUDE TOWARDS APEX FARES BASED
ON EXPERIENCE TO DATE. PART CHARTER CONCEPT HAS NEVER
EEN BROUGHT BEFORE ATC FOR CONSIDERATION.

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D. THERE HAVE BEEN START- UP DIFFICULTIES WITH ABC CHARTERS CAUSED BY BOND REQUIREMENT, 80 PERCENT RULE, AND 90- DAY BOOKING PERIOD. (REQUIREMENT FOR LAST HAS BEEN STRETCHED OUT UNTIL OCTOBER.) ABC' S HAVE BEEN SUCCESSFUL FROM TORONTO AND VANCOUVER BUT AT MONTREAL SPREAD BETWEEN ABC FARE AND 22-45 EXCURSION FARE HAS BEEN INSUFFICIENT TO INDUCE SWITCH- OVER. CP AIR HAS CANCELED ALL ABC CHARTERS FROM MONTREAL TO EUROPE THIS YEAR AND AIR CANADA HAS ALREADY CANCELED ONE- THIRD OF ITS FLIGHTS FROM MONTREAL. ATC INTENDS TO BE FLEXEDIBLE ON ABC RULES AND FORESEES NEED FOR INTER- GOVERNMENTAL MEETING AFTER 1973 PEAK SEASON TO COMPARE EXPERIENCES WITH ABC' S AND DISCUSS NEED FOR POSSIBLE CHANGES IN RULES.

E. ATC GIVES FULL LEEWAY TO CANADIAN CARRIERS TO SET MINIMUM CHARTER RATES BUT WILL NOT PERMIT FOREIGN CARRIER TO OPERATE BELOW THOSE RATES. EXCEPT FOR MAINTAINING THIS DEFACTO FLOOR, ATC IS OPPOSED TO GOVERNMENT INTERFERENCE IN RATE QUESTION.

F. EXCEPT FOR UNCERTAINTIES DUE TO INITIATION OF ABC' S IN EARLY PART OF SUMMER, ATC LOOKS FOR HIGH LOAD FACTORS BOTH WAYS. ATC ADAMANTLY OPPOSED TO GOVERNMENTAL INVOLVMENT IN ACHIEVING IATA AGREEMENT, EXCEPT IF IT APPEARS AT LAST MOMENT THAT CARRIERS HAVE REACHED IMPASSE.

SCHMIDT

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*** Current Classification *** LIMITED OFFICIAL USE

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